



**United States
Department of
Agriculture**

**Office of the Chief
Information Officer**

**1400 Independence
Avenue SW**

**Washington, DC
20250**

AUG 14 1998

Honorable Jacob J. Lew
Director
Office of Management and Budget
OIRA Docket Library
New Executive Office Building, Room 10102
Washington, D.C. 20503

Dear Mr. Lew:

Enclosed is the U. S. Department of Agriculture (USDA) Quarterly Report for August 1998 regarding our efforts to resolve the Year 2000 problem. We are committed to making all USDA systems compliant. We have expanded our outreach efforts to increase awareness and ensure that program delivery will not be compromised.

If you or your staff have any questions, please contact Dr. Gregory Parham, USDA Year 2000 Program Executive Director. He may be reached on (202) 690-0048.

Sincerely,

A handwritten signature in black ink, appearing to read "Anne F. Thomson Reed", written over a horizontal line.

Anne F. Thomson Reed
Chief Information Officer

Enclosure

Status of Department of Agriculture Year 2000 Efforts Quarterly Progress Report for August 1998

I. Overall Progress. Provide a report of the status of agency efforts to address the year 2000 problem which includes an agency-wide status of the total number of mission-critical systems.

Total Number of Mission-critical	Number Compliant	Number To Be Replaced	Number To Be Repaired	Number To Be Retired
May Report 1080	430 40%	271 25%	317 29%	62 6%
May Report with revised baseline 647	369 57%	64 10%	200 31%	14 2%
Current 647	406 63%	56 9%	171 26%	14 2%

In the May report, the Department of Agriculture (USDA) tracked 1,080 mission critical systems and reported 40% compliant. The Department did not have a standardized definition for "systems." Each agency was allowed to define what constituted a system and resulted in a number of applications being tracked as mission critical. During separate audits of Year 2000 activities by the Office of the Inspector General and the General Accounting Office, it was recommended that USDA implement a standardized definition to correct this situation.

Based upon this recommendation, we have established a department wide standard definition to reflect their guidance which has changed the number of systems being tracked. The majority of the changes has occurred within the Forest Service which dropped from 423 systems to 17 systems. A complete crosswalk of the refinement is provided in Attachment 1.

II. Progress of Systems Under Repair. Provide a report of the status of agency efforts to address the year 2000 problem which includes the status of systems under repair.

1. The attached chart provides a snapshot of where USDA is in the four step process of repairing systems.

	Number of Systems which have been or will be Repaired	Assessment	Renovation	Validation	Implementation
Milestones		10/1997	09/1998	01/1999	03/1999
Current Number Complete	334	334 100%	238 71%	170 51%	166 50%

b. Status of Mission Critical Systems. Provide a description of progress in fixing or replacing mission critical systems.

Currently, 406 of 647 mission critical systems are Year 2000 compliant. This reflects 63 percent compliance for USDA. Based on a recommendation from the Office of the Inspector General, USDA has implemented a standard definition for the term "system" which ensures that agencies will be consistent in reporting their Year 2000 activities. A system is defined as a collection of components that support core business processes or activities and enable production, program, or service delivery.

3. Status of Non-Mission Critical Systems. Provide a description of progress in fixing **non-mission critical systems, including measures that demonstrate that progress.**

Total # of Non mission-critical	Number Compliant	Number to be Replaced	Number to be Repaired	Number to be Retired	Number to be Evaluated
433	221 51%	42 9%	87 20%	79 18%	4 2%

d. Provide a description of the status of efforts to inventory all data exchanges

with outside entities and the method for assuring that those organizations will be or have been contacted, particularly State governments. Provide a description of progress on making data exchanges compliant.

USDA is an active member of the State Issues and Data Exchange Working Group of the CIO Council Year 2000 Sub-Committee. Of the 8,250 external data exchanges that USDA has identified, 2,461 are state exchanges representing 848 state entities. The following is a breakout of state data exchanges entities:

Agency	Number of Exchanges
Animal and Plant Health Inspection Service	51
Cooperative, State, Research, Education & Extension Service	115
Farm Service Agency	75
Food and Nutrition Service	130
Food Safety and Inspection Service	28
Forest Service	250
Office of the Chief Financial Office (National Finance Center)	16
National Agricultural Statistics Service	6
Natural Resources Conservation Service	177
Total	848

USDA has contacted 848 state data exchange partners and identified state points-of-contact. We have provided the General Services Administration with a complete list of exchanges to include in the federal database for state data exchanges. The National Association of State Information Resource Executives is reviewing the state points-of-contact and will make adjustments where necessary. Of the 848 exchanges, 199 are currently compliant and tested by both parties. Each USDA agency will have the responsibility of updating their exchanges on the Federal Year 2000 Data Exchange On-Line Reporting Database. The Office of the Chief Information Officer will monitor progress and provide status reports to USDA management.

The remaining data exchanges for USDA are represented in the following areas:

Type of Entity	Number of Entities	Number of Exchanges
Federal	295	2547
Local Government	1	159
Private	1,145	3,042
Foreign State	6	6
Foreign Private	18	35

Efforts are underway to monitor the progress of these data exchanges to ensure compliance by March 1999.

- e. **Provide a description of efforts to address the year 2000 problem in other areas, including facilities, biomedical and laboratory equipment, products using embedded chips.**

USDA agencies have about 150 laboratories throughout the country that render various scientific experiments as part of our mission. Efforts are underway to conduct inventory and assessment of all laboratory equipment which includes data exchange with other laboratories within the Federal Government, State, and local governments, wherever necessary.

The inventory assessment of equipment has not pinpointed any major problems with embedded chips, but review and certification is being conducted to ensure Year 2000 compliance.

- f. **Provide a description of efforts to address the year 2000 problem for buildings that your agency owns or manages. If your buildings are owned or managed by GSA, you should only report on those systems for which you have direct responsibility. You do not need to report on systems which are the responsibility of GSA. " Please indicate if you are a member of the Building Systems Working Group of the Year 2000 Subcommittee of the CIO Council.**

USDA is an active member of the CIO Council Year 2000 Sub-Committee Working Group on Buildings and Facilities. USDA has diligently moved forward to conduct inventory assessment of all owned and leased buildings and facilities to ensure that critical building systems are Year 2000 compliant. The importance of mission-critical information technology systems and applications have put buildings and facilities on a back burner in the area of urgency and importance of Year 2000. However, high level management is now getting involved to ensure compliance by March 1999.

Total Owned Buildings	34,459
-----Assessment Completed	34,151
Total Leased Buildings	3,737
-----Assessment Completed	2,826

USDA has identified a listing of top priority buildings and facilities by agency that may require an independent verification and validation to ensure Year 2000 compliance. At the present time, we are conducting an analysis of the agency's inventory reports to identify systems such as security, alarms, and air-conditioning that are not Year 2000 compliant and must be repaired or replaced.

USDA has contracted for an independent verification and validation of the Washington Headquarters Complex which includes the South Building, the Whitten Building, the Auditors Building, the Cotton Annex, and the new Beltsville Office facility. The independent verification and validation will be conducted in two phases. The first phase is planning and assessment which includes the review of building blue prints, critical building systems, walk-through surveys of buildings/facility, interviews, documentation, and the outline of specific activities and costs for Phase II which is testing and validation. Phase I has started and is scheduled for completion on August 31, 1998.

GSA considered our independent verification and validation contract effort a model contract, and shared it with the CIO Council Year 2000 Sub-Committee for Buildings and Facilities.

- g. Provide a description of efforts to address the year 2000 problem in the telecommunications systems that your agency owns or manages. If your systems are owned or managed by GSA, you do not have to report on those systems. Please indicate instead whether or not you are a member of the Telecommunications Working Group of the Year 2000 Subcommittee of the CIO Council.**

USDA is an active participant in several Year 2000 telecommunications forums

including the CIO Council Sub-Committee Working Group on Telecommunications and the telecommunications working group of the President's Council on Year 2000 Conversion.

USDA has undertaken a major initiative to inventory and assess the status of our telecommunications systems. In addition, USDA has taken management action to ensure that the agency-owned voice and data network infrastructure critical to USDA mission is Year 2000 compliant by March 1999. USDA has standardized the categorization of telecommunications equipment and established a centralized telecommunications data repository. As of July 25, 1998, USDA centralized telecommunication inventory database had 41,169 entries. While the major portion of the inventory is completed, data entry is continuing and this total is expected to grow. USDA expects the assessment phase to be completed expeditiously.

The nature of the telecommunications infrastructure makes it imperative to address the problem on a government-wide scale. USDA management is working closely with other executive branch departments and the vendor community to define the scope and develop the solutions for the Year 2000 compliance requirement.

A major concern with regard to Year 2000 telecommunications is the lack of information from the vendor and service provider community. Telecommunications Year 2000 efforts would be greatly enhanced by the availability of information in clear unambiguous language from the private sector, specifically equipment manufacturers, local telephone companies, and long distance service providers.

Rural Utilities Service is committed to helping its borrowers - rural electric and telecommunications work with every borrower toward Year 2000 compliance. In addition, Rural Utilities Service is preparing a regulation revision that would give highest priority to loan applications that include Year 2000 compliance funding.

h. Provide a description of the status of the year 2000 readiness of each government-wide system operated by your agency (e.g., GSA will report on FTS 2000).

The National Finance Center which processes payrolls for numerous agencies and manages the government's multibillion-dollar Thrift Savings Plan is one step closer to making its computer systems Year 2000 compliant. The National Finance Center finished renovating more than 23 million lines of code contained in the mission-critical systems that process financial and administrative data for 125

federal agencies. The code was checked and fixed using the windowing technique and put back into production. It is now being tested for Year 2000 compliance using a time machine. The six mission-critical systems renovated by the National Finance Center were: payroll and personnel, Thrift Savings Plan, administrative payments, billings and collections, accounting and property.

On August 5, 1998, USDA sponsored a seminar on the National Finance Center's end-to-end pay federal entities, affecting 435,000 employees. The National Finance Center is part of a team responsible for the end-to-end processing of payroll from input of the time-and-attendance to actual receipt of salary via direct deposit into a personal account at a financial institution or delivery of a check. The team consist of the Department of Treasury's Financial Management Service, the Federal Reserve Bank, and the Office of the Comptroller of the Currency who represented a financial institution. The seminar was attended by more than 100 participants from various federal entities including Department of State, Defense, Justice and General Accounting Office. The event was also video taped for use in USDA's outreach efforts.

- i. **Please include any additional information that demonstrates your agency's progress. This could include charts or graphs indicating actual progress against your agency's schedule, lists of mission critical systems with schedules, success stories, or other presentations.**

The following activities have occurred since our May 1998 Quarterly Report:

On June 17th, the Secretary met with Sub-Cabinet and Agency Administrators to emphasize the potential impact USDA programs and our need to take the challenges of Year 2000 serious. This message has been reiterated at numerous Sub-Cabinet meetings.

The Chief Information Officer has taken steps to implement an aggressive plan to further strengthen USDA's Year 2000 Program. Key components of the plan include:

Establishing Departmental priorities based upon impact to health and safety and financial and economic impact.
Redefining USDA's internal reporting process.
Developing formal Departmental guidance for Business Continuity Plan, Testing, and Independent Verification and Validation.

At the June 17th session, the Secretary requested that critical performance standards be established on Y2K efforts for each Under and Assistant

Secretary as well as all executives within the department. This expanded the current performance element to all senior staff in addition to Year 2000 project leaders.

The National Finance Center has completed all renovation efforts for their mission critical systems (23 million lines of code). They are ahead of the September 1998 milestone for renovation.

USDA is involved in the following activities:

The Year 2000 Program Office is providing specific guidance and program management leadership for the Department on all aspects of the Year 2000 Program. Since the recent review by the General Accounting Office, we have issued and distributed additional guidance in the areas of:

- Business Continuity (Contingency) Planning
- Year 2000 Testing
- Year 2000 Independent Verification & Validation

USDA is leading the food supply sector of the President's Council on Year 2000 Conversion. This sector includes all elements of the food supply chain from farm to table, including, for example agricultural inputs, transportation, processing, and retail distribution. The focus is on raising awareness among food supply umbrella organizations and helping them identify resources to address the problem. USDA is a member of 17 of the established sectors of the President's Council on Year 2000 Conversion.

USDA is assessing the impact of the House and Senate actions on the 1999 appropriations to determine if there will be any detrimental impact on Year 2000 efforts.

USDA has established categories for departmental priorities based on health and safety, financial impact, and economic repercussions. Business Continuity (contingency) Planning guidelines have been issued and training is being scheduled for all mission areas. Milestone dates are in place and USDA overall continuity plan will be completed by November 1998.

USDA is developing a more comprehensive reporting capacity, incorporating the information from contingency planning. We are working to establish a web-enabled reporting process. The objective is to establish a process which will be of greater value to managers, oversight organizations, and to members of the general public who have an interest in the progress of USDA.

USDA is very involved in the area of outreach and is making a concerted effort to educate its partners about the extent of the Year 2000 problem. USDA's links with industry range from meat processing to rural utilities, from small dairy operations to the largest grain elevators, and the Department is committed to using those links to provide this critical information. Some highlights of our Year 2000 outreach efforts are:

USDA has made major efforts to educate its employees, recognizing that in such a large Department, many of the everyday links these employees have with outside entities could serve as valuable information channels. Recently, USDA hosted a Year 2000 Technology Expo on contingency planning, testing, and independent verification and validation, and a day-long seminar on Vulnerable Systems and Processes. Both events were well attended by USDA employees, other government staff, and USDA partners.

The Office of the Chief Information Officer sponsored a National Finance Center Payroll Process Year 2000 Update on Wednesday, August 5, 1998. The National Finance Center is part of a team responsible for the end-to-end processing of payroll, from input of the time-and-attendance by individual agencies to actual receipt of salary via direct deposit into a personal account at a financial institution. The other team members include the Department of Treasury's Financial Management Service, the Federal Reserve Bank, and the Office of the Comptroller of the Currency who represented a financial institution such as a bank or credit union. The seminar was attended by more than 100 participants from various federal entities including the Department of State, Defense, Justice and the General Accounting Office. The event was also video taped for use in USDA's outreach efforts.

Updates on our internal compliance is reported regularly in the USDA employee newsletter and the USDA Chief Information Officer webpage.

Specific Outreach efforts are:

USDA has membership on 17 of the President's Council on Year 2000 Conversion sectors. They include: benefits payments, building operations, education, emergency services, energy (electric power), finance (banking, guarantee agencies & investments), food supply, health care, housing, human services, insurance, international trade, science & technology, small business, telecommunications, transportation, and water & wastewater. USDA is leading the food supply sector which includes all elements of the food supply chain from farm to table, including, for example agricultural inputs, transportation, processing, and retail distribution.

The focus is on raising awareness among food supply umbrella organizations and helping them identify resources to address the problem. Informal conversations with key trade associations earlier this year found that many still had not taken aggressive steps to educate members of the Year 2000 issue and potential consequences.

Rural Utilities Service is committed to helping its borrowers - rural electric and telecommunications services - to become Year 2000 compliant. Since the danger of noncompliance may be greater in rural areas, where service providers are smaller and more isolated, Rural Utilities Service has adopted a plan to work with every borrower toward Year 2000 compliance. In addition, Rural Utilities Service is preparing a regulation revision that would give highest priority to loan applications that include Year 2000 compliance funding.

As part of our efforts to educate the rural community, Cooperative, State, Research, Education, & Extension Service is planning an extensive multimedia outreach campaign, including print, audio, video, Internet websites, and a 1-800 number. For example, the print component will feature an agency brochure, fact sheet series, talking point, and boiler plate media relations information focused on creating an awareness to the Year 2000 issues. Audio examples will include 15 and 30 seconds public service announcements for local radio stations.

Cooperative, State, Research, Education, & Extension Service will present Year 2000 information at two national conferences which will be attended by the communication and information technology leadership at the land grant university community.

The Grain Inspection, Packers and Stockyards Administration held a Year 2000 Industry Outreach Meeting to share information with key industry groups. The meeting also included assessing the current awareness of the problem by industry, and encouraging the groups to inform others members of the problem and identify available resources. Grain Inspection, Packers and Stockyards prepared and distributed a Year 2000 Tool Kit as an additional resource of information.

USDA agencies are actively engaged in providing informational memorandums to all its regional offices, state directors, affiliates, and land grant universities. The memos provide background on Year 2000, highlighting the potential impact of unresolved problems, and include sources to assist organizations in becoming compliant.

USDA officials continue to include Year 2000 remarks in speeches and presentations. Year 2000 presentations and materials will be a part of appropriate sponsored events. Recently, outreach was conducted at the second International

Conference on Women in Agriculture held in Washington, D.C. from June 28-July 2, an event that drew more than 1,000 women from 39 countries.

USDA is working with agricultural press to explain the potential impact of Year 2000 on this sector of the economy. For example, the CIO did a series of radio interviews with members of the National Association of Farm Broadcasters, and is working now with the Farm Journal and other publications on upcoming stories. Plans are now underway for periodic briefing for additional media outlets.

III. Verification Efforts.

- a. Describe how and to what extent internal performance reports, (i.e., compliance of systems repaired and replaced) are independently verified. Provide a brief description of activities to assure independent verification that systems are fixed and to assure that information reported is accurate. Also identify who is providing verification services (for example, Inspectors General or contractors).**

During the last quarter, USDA developed and issued formal guidance on Business Continuity (contingency) Planning, Testing, and Independent Verification and Validation. Business Continuity Plans are due for completion by November 1998. These documents provide the framework in which all Year 2000 verification and validation efforts will be executed. The guidance documents on testing and independent verification and validation outline the steps to be taken as mission critical systems are tested and validated. The document provides for varying degrees of independent verification and validation based on the criticality of the project under study. Independent verification and validation efforts focus on costs, performance, and schedule.

Independent verification and validation activities have increased significantly during the past quarter. As part of the strategy for addressing areas of perceived high risk, the Office of the Chief Information Officer has initiated an independent verification and validation for two major projects that are using replacement as the means for achieving Year 2000 compliance. Additionally, the Office of the Chief Information Officer has obtained blanket authority department-wide for contract advisory and assistance services to help expedite all Year 2000 associated work.

The Office of the Inspector General continues to play a role and is actively engaged in monitoring and auditing the progress of USDA component agencies Year 2000 efforts. The Office of Inspector General has conducted a number of audits in various segments of USDA related to the assessment and remediation phases. These audits are part of the overall strategy for achieving compliance and identification of areas where we may have problems.

The General Accounting Office has also conducted several high level assessments of Year 2000 activities within USDA. Their efforts have been extremely helpful in identifying programmatic deficiencies where additional policy guidance was needed. Their efforts resulted in publication of GAO - Year 2000 Computing Crisis: USDA Faces Tremendous Challenges in Ensuring That Vital Public Services Are Not Disrupted.

The following is a list of independent verification and validation efforts that have taken place or are currently in place for USDA relative to the Year 2000 issue.

Office of the Chief Financial Officer - Foundation Financial
Information System (FFIS) *Completed*
Office of the Chief Information Officer - Year 2000 Program
Office *Completed*
Forest Service - Project 615 Replacement Strategy *In Progress*
Risk Management Agency - Replacement Strategy *In Progress*
Washington Headquarters Complex (Buildings and Facility)
In Progress

In addition, several agencies have in place quality assurance and configuration management programs that support verification efforts. The Farm Service Agency was one of those singled out as having a good program in the recent audit conducted by GAO.

IV. **Organizational Responsibilities.**

4. Describe how your Department/Agency is organized to track progress in addressing the Year 2000 problem.

The internal organization of the Year 2000 Program Office has been reconfigured to better reflect departmental priorities. In addition to the previously reported functional areas (information technology systems, telecommunications systems, vulnerable systems/processes, and data/crosscutting issues), the program managers now have responsibilities in the areas of:

- Business Continuity (Contingency) Planning
- Year 2000 Testing
- Year 2000 Outreach
- Year 2000 Reporting

Independent verification and validation responsibility is shared among the program managers according to their respective functional areas.

1. **Describe the responsible organizations for addressing the year 2000 problem within your Department/Agency and provide an organizational chart.**

See Attachment 2

2. **Describe your Department/Agency's processes for assuring internal accountability of the responsible organizations. Include any quantitative measures used to track performance and other methods to determine whether the responsible organizations are performing according to plan.**

USDA is revamping its internal reporting process to provide more accurate and timely management information. Currently, the Year 2000 Program Office tracks the progress of component agencies to assure compliance with established goals and milestones. Monthly reports detail progress on remediation of systems. Currently, monthly status reports are being provided to the Office of Management and Budget on USDA's plan on our progress toward making its mission critical systems Year 2000 compliant. This includes when systems being repaired are expected to complete the renovation, validation, and implementation phases. Also, information on when systems being replaced are implemented is being tracked and monitored.

The Office of Inspector General is also involved the process of monitoring agency

progress on Year 2000 remediation. Currently, a review is being conducted of the renovation phase of the Year 2000 project.

USDA continues to enforce a moratorium on all new information technology purchases in excess of \$25,000.00. Waivers are only granted for a mission-based emergency or to address a Year 2000 compliance issue.

3. Describe the management actions taken and by whom when a responsible organization falls behind schedule.

Each agency within USDA has established internal control procedures that are followed when a Year 2000 project falls behind schedule. Agencies are required to provide monthly reports to the Year 2000 program office on the status of their efforts, issues, and potential areas of concern that may impact meeting required deadlines. These reports are reviewed and analyzed by the Office of the Chief Information Officer staff.

The Chief Information Officer takes an aggressive role in assisting agencies in resolution of Year 2000 problems. This may include addressing contracting problems, delegation of authority, human resources, and availability of financial resources.

V. Continuity of Business Plans.

Describe your agency's approach to ensure continuity of your core business functions, Your discussion should also include schedules and milestones and your high-level core business functions. Agencies should use the GAO document, Year 2000 Computing Crisis: Business Continuity and Contingency Planning, (March 1998, currently in exposure draft), as a guide.

During the first week of July, USDA issued policy guidelines on business continuity (contingency) planning to all Mission Areas and Staff Offices officials. USDA is currently in the process of identifying its critical core business processes by mission area and agency. To ensure uniformity throughout USDA, the Office of the Chief Information Officer is providing assisting and guidance to mission areas and staff offices. As part of our guidance, we have developed a training module for business continuity planning which encompasses the process for identifying high level core business processes, risk assessment, mitigation strategy, contingency, business priority, and event horizon. The criteria for assessing risk will be based on key areas: (1) safety and health, (2) financial and economic impact, and (3) impact on the public and program services. The following is our proposed schedule for development of the USDA Business Continuity Plan:

**USDA Business Continuity (Contingency) Planning
Schedule**

Milestones	Completion Date
Training on Business Continuity (Contingency) Planning	September 10, 1998
Mission Area and Staff Offices identify core business processes	September 14, 1998
Mission Area and Staff Offices Business Continuity Plan due to the Office of the Chief Information Officer	October 30, 1998
Office of the Chief Information Officer and Year 2000 Program Office review Business Continuity Plans from Mission Areas and Staff Offices	November 6, 1998
Established Departmental Priorities for Year 2000	November 13, 1998
Monitor and provide progress reports	November 16, 1998 thru January 2000

VI. Exception Report on Systems.

Provide a brief status of work on each mission critical system which is not year 2000 compliant that is either (1) being replaced and has fallen behind the agency's internal schedule by two months or more, or (2) being repaired and has fallen behind the agency's milestones by two months or more.

None to report.

a. If this is the first time this system is reported, include:

- 1. An explanation of why the effort to fix or replace the system has fallen behind and what is being done to bring the effort back on schedule.**
- 2. The new schedule for replacement or completion of the remaining phases.**
- 3. A description of the funding and other resources being devoted to completing the replacement or fixing the system.**

- b. If this system has been previously reported and remains behind schedule, include:**
 - 1. An explanation of why the system remains behind schedule and what actions are being taken to mitigate the situation.**
 - 2. A summary of the contingency plan for performing the function supported by the system should the replacement or conversion effort not be completed on time. Indicate when the contingency plan would be triggered, and provide an assessment of the effect on agency operations should the system fail. If you do not yet have a contingency plan, indicate when it will be in place.**

VII. Systems scheduled for implementation after March 1999.

Please include a list of those mission critical systems where repair or replacement cannot be implemented by the March 1999 deadline. The list should include:

- a. The titles of the systems.**
See following chart.
- b. A brief description of what the system does.**
See following chart.
- c. The reason that the system cannot be implemented by the deadline.**
See following chart.

VII. Systems scheduled for implementation after March 1999

Title of System (a)	Description of System (b)	Deadline Reason (c)
Census of Agriculture (NASS)	System is used for processing the census of Agriculture which is carried out every 5 years. The system fail date is 2001.	The new system will be ready for the next census which begins in 2001 and will be Year 2000 compliant.
Accounts Receivable System (RMA)	The system keeps subsidiary transaction level accounts for producers who were once insured directly by the agency. This includes all of their billing, payment, and indemnity information and subsequent adjustments. This includes data from Treasury, FSA, and IRS related to these accounts.	System scheduled for retirement on September 30, 1999. Database being used for historical purposes for collection and internal reporting only.
Debt Management System (RMA)	This system handles all phases of debt processing including due process, interest attachment, establishment of a debt account, debt reporting, interfaces with IRS, credit reporting agencies, and credit bureaus and 10 years write off processes.	Scheduled for shut down September 30, 1999. Database being used for historical purposes for collection and internal reporting only.
Federal Tax Refund Offset Program (FTROP) (FCS)	The Federal Debt Collection Program (<i>a combination of the Federal tax Refund Offset Program and the Salary Offset Program</i>) is part of Treasury's Financial Management Service/IRS and Food Nutrition Service effort to collect delinquent accounts owed the Federal Government by individuals due to fraud or household error in the Food Stamp Program.	System is not date-driven. System has a sunset of 12/31/99. While this system is mission critical, USDA cannot proceed independently from the Department of Treasury which has indicated the replacement. System can not be implemented until 12/99. System scheduled to be implemented 12/99.

a. A summary of the contingency plan for performing the function supported by the system should the replacement or conversion effort not be completed on time. Indicate when the contingency plan would be triggered, and provide an assessment of the effect on agency operations should the system fail, including anticipated problems. If you do not yet have a contingency plan, indicate when it will be in place.

USDA has started with the development of contingency plans for all agencies. Contingency policy guidelines have been issued to all mission areas and agencies. We anticipate that some agencies will have their plans completed by October 1998 and an overall USDA Contingency plan will be in place no later than November 1998.

b. A summary of the contingency plan for performing the function supported by the system should the replacement or conversion effort not be completed on time. Indicate when the contingency plan would be triggered, and provide an assessment of the effect on agency operations should the system fail, including anticipated problems. If you do not yet have a contingency plan, indicate when it will be in place.

USDA has started with the development of contingency planning for all agencies. Contingency policy guidelines have been issued to all mission areas and agencies. We anticipate an overall USDA Contingency plan will be in place no later than November 1998.

VIII. Other Management Information.

a. On the first row, report your estimates of costs associated with year 2000 remediation, including both information technology costs as well as costs associated with non-IT systems.

Report totals in millions of dollars. (For amounts under \$10 million, report to tenths of a million.)

Fiscal Year	1996	1997	1998	1999	2000	Total
Current Cost	\$2.7	\$16.9	\$62.1	\$30.3	\$7.8	\$119.8

b. If there have been dramatic changes in cost, please explain.

This report reflects a decrease of \$6.2 million from our May report. May report cost were \$124.0. The major decreases were made in the Farm Service Agency. The Farm Service Agency's actual costs for application projects were lower than estimated costs. Monthly report variances in costs for years prior to 1998 is due to the triggering of actual project cost calculations at the time of project completion. Prior to project completion, cost reflected estimated costs.

USDA is still uncertain about the cost of telecommunications, testing, and replacement of embedded systems cost.

c. If there have been significant changes to your agency's schedule, changes in the number of mission critical systems, changes to the number of systems behind schedule, please explain.

d. Are there any concerns with the availability of key personnel?

USDA has required agencies to provide information on all individuals critical to achieving Year 2000 compliance. Information obtained includes the name, title, location, grade, and series of each individual occupying a critical Y2K position. Initial analysis reveals that approximately 25 percent of USDA's IT workforce is considered "critical" to the Department's Year 2000 effort. The data will be used by the Office of the Chief Information Officer leadership and the Year 2000 team for planning and strategy development purposes.

e. Are there any other problems affecting progress?

No additional issues to report at this time.

Crosswalk Change in USDA Baseline Systems

Total Number of Mission-Critical	Number Compliant	Number To Be Replaced	Number To Be Repaired	Number To Be Retired
USDA May Report (baseline as submitted) 1080	430 40%	271 25%	317 29%	62 6%
USDA May Report (baseline as revised) 647	369 57%	64 10%	200 31%	14 2%
Change in baseline 433	61	207	117	48
Current 647	406 63%	56 9%	171 26%	14 2%

The number of mission critical systems has changed since the May 1998 quarterly report. The major change in the baseline was because The Forest Service, based upon recommendations from GAO, reassessed their mission critical systems, reducing the number reported from 423 to 17, a decrease of 406 systems. The 17 systems comply with the accepted definition of a mission critical system. Several other agencies also changed their baseline numbers. Changes are as follows:

- The Risk Management Agency went from 40 mission critical systems to 14.
- Foreign Agricultural Service increased the number of mission critical systems by 1.
- The Farm Service Agency had a net decrease in the number of mission critical systems from 165 to 163, a decrease of 1 system in the headquarters unit and 1 in their Kansas City operation.
- The Animal and Plant Health Inspection Service increased the number of systems from 20 to 21.
- The Grain Inspection, Packers and Stockyards Administration decreased the number of systems by 2.
- Departmental Administration added 4 systems bringing their total to 19.
- The Office of the Chief Information Officer reduced the number of systems from 13 to 10.

USDA agencies have identified 647 mission critical systems 406 (63%) systems as Year 2000 compliant. If the May report were revised to reflect the new baseline, USDA would have had 369 (57%) systems compliant. A large number of systems (121) are scheduled to become compliant during the months of August, September, and October 1998. Meeting these milestones will put USDA at 81% compliant by November 1, 1998.

U.S. Department of Agriculture

Year 2000 Organization

